



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WAYNE COUNTY SHERIFF**

For the Period of April 19, 1999 Through December 31, 1999

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Bruce Ramsey, Wayne County Judge/Executive

Honorable James L. Hill, Wayne County Sheriff

Members of the Wayne County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Wayne County, Kentucky, for the period of April 19, 1999 through December 31, 1999.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; the resulting audit comports with our reporting format. As part of the audit, Berger & Ross, PLLC, evaluated the Wayne County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

EXECUTIVE SUMMARY

**JAMES L. HILL
WAYNE COUNTY SHERIFF
APRIL 19, 1999 THROUGH DECEMBER 31, 1999
FEE AUDIT**

On September 7, 2000, fieldwork was completed on the Sheriff's fee audit. An unqualified opinion was rendered on the financial statements.

Receipts And Disbursements:

The Sheriff collected and appropriately distributed \$318,220 for the audited period.

Excess Fees:

The Sheriff paid \$28,985 to fiscal court as excess fees.

Deposits:

The Sheriff's office bank deposits were insured or properly collateralized with bank assets during the period.

**AUDIT EXAMINATION OF THE
WAYNE COUNTY SHERIFF**

For The Period of April 19, 1999 through December 31, 1999

Berger & Ross, PLLC
Certified Public Accountants and Fraud Examiners
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To the People of Kentucky

Honorable Paul E. Patton, Governor

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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Wayne County, Kentucky, for the period of April 19, 1999 through December 31, 1999. This financial statement is the responsibility of the Wayne County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

To the People of Kentucky
Honorable Paul E. Patton, Governor
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Mike Haydon, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court
(Continued)

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts and disbursements of the Sheriff for the period of April 19, 1999 through December 31, 1999, in conformity with the basis of accounting described above.

In accordance with Government Auditing Standards, we have also issued a report dated September 7, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
September 7, 2000

WAYNE COUNTY
JAMES L. HILL, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For the Period of April 19, 1999 through December 31, 1999

Receipts

Federal Payments:

Federal COPS Grant	\$	15,135	
Corp of Engineers - Lake Patrol		8,678	
KLEFPF Grant		<u>14,736</u>	\$ 38,549

State Fees For Services:

Finance And Administrative Cabinet			5,573
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Circuit Court Clerk:

Security Fees	\$	4,249	
Arrest Fees		3,368	
Restitution Collected		<u>75</u>	7,692

Fiscal Court:

Deputies Salaries	\$	82,304	
Juvenile Transport		749	
County Fees		<u>3,620</u>	86,673

County Clerk:

Delinquent Taxes			1,251
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Commission on Taxes Collected			117,373
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Bank Shares - State			2,131
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Sheriff's Fee on Taxes Collected			3,320
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Fees Collected for Services:

Auto Inspections	\$	4,320	
Transporting Mental Patients (ADANTA)		7,269	
Serving Papers		10,595	
Accident/Police Reports		<u>104</u>	22,288

State Advancement			26,400
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The accompanying notes are an integral part of the financial statement.

WAYNE COUNTY
JAMES L. HILL, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For the Period of April 19, 1999 through December 31, 1999
(Continued)

Other:

Carrying Concealed Deadly Weapon Permits	\$ 4,365	
Returned Checks Paid	<u>951</u>	\$ 5,316

Interest Earned		<u>1,654</u>
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Gross Receipts		<u>\$ 318,220</u>
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Disbursements

Operating Disbursements and Capital Outlay:

Payments to State-

Carrying Concealed Deadly Weapons Permits	\$ 2,915	
State Advanced Funds Repayment (See Note 5)	<u>40,000</u>	\$ 42,915

Personnel Services:

Deputies' Gross Salaries	\$ 134,926	
Part-Time Deputy Salary	6,040	
Employer Benefits - Federal Grant	2,484	
Employer Share on Retirement - Incentive Pay	<u>1,028</u>	144,478

Automobile Expenses:

Gasoline	\$ 13,655	
Maintenance, Repairs, and Equipment	<u>11,548</u>	25,203

Capital Outlay:

Office Equipment	\$ 2,082	
Vehicle Purchases	<u>18,300</u>	20,382

Other:

Advertising	\$ 477	
Office Supplies	3,414	
Uniforms and Equipment	4,027	
Travel	2,392	
Returned Checks	951	
Telephone	2,344	

The accompanying notes are an integral part of the financial statement.

WAYNE COUNTY
JAMES L. HILL, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For the Period of April 19, 1999 through December 31, 1999
(Continued)

Other (Continued):

Film and Developing	\$	1,057	
Postage		23	
Miscellaneous		<u>1,298</u>	<u>\$ 15,983</u>
Total Disbursements			<u>\$ 248,961</u>
Net Receipts			\$ 69,259
Less: Statutory Maximum			<u>40,274</u>
Excess Fees Due to Fiscal Court:			\$ 28,985
Payment to Fiscal Court - February 15, 2000			<u>28,985</u>
Balance Due at Completion of Audit			<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statement.

WAYNE COUNTY
JAMES L. HILL, SHERIFF
NOTES TO THE FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when revenue and the related asset can be associated with corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentality's, obligations and contracts for future delivery or purchase of obligations back by good faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

WAYNE COUNTY
JAMES L. HILL, SHERIFF
NOTES TO THE FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of April 12, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Marijuana Eradication Fund

The Sheriff maintained a marijuana eradication account for the period of April 19, 1999 through December 31, 1999. The beginning balance was \$2,802. Receipts during the year were \$7,162 including \$28 in interest income. Disbursements during the year totaled \$2,259 resulting in an ending balance at December 31, 1999 of \$7,705 which is not available as excess fees.

WAYNE COUNTY
JAMES L. HILL, SHERIFF
NOTES TO THE FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 5. State Advancements

The \$40,000 of state advancements repaid includes \$13,600 of state advancement received by the previous Sheriff, James A. Hill, who died in office. The advancement was to be repaid from the commission earned on the first month of 1999 tax collections.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Bruce Ramsey, County Judge/ Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the Wayne County Sheriff for the period of April 19, 1999 through December 31, 1999, and have issued our report thereon dated September 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne County Sheriff's financial statement for the period of April 19, 1999 through December 31, 1999, is free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Former Wayne County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Bruce Ramsey, County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance with Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release, is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed –
September 7, 2000

